

**ARIZONA STATE PARKS BOARD
1300 W. WASHINGTON STREET
PHOENIX, AZ
MINUTES
MAY 16, 2008**

Board Members Present:

William Scalzo, Chairman (via telephone – 11:10 a.m.)
Reese Woodling, Vice Chairman
Arlan Colton
Tracey Westerhausen
William Porter (via telephone – 10:10 a.m.)
William Cordasco (via telephone)

Board Members Absent:

Mark Winkleman

Staff Present:

Kenneth E. Travous, Executive Director
Jay Ream, Assistant Director, Parks
Jay Ziemann, Assistant Director, External Affairs and Partnerships
Mark Siegwarth, Assistant Director, Administration
Cristie Statler, Assistant Director, Outreach

Attorney General's Office

Joy Hernbrode, Assistant Attorney General

A. CALL TO ORDER - ROLL CALL – 10:00 A.M.

Vice Chairman Reese Woodling called the meeting to order at 10:04 a.m. Roll Call indicated a quorum was present.

B. INTRODUCTIONS OF BOARD MEMBERS AND AGENCY STAFF

1. **Board Statement** - "As Board members we are gathered to be the stewards and the voice of Arizona State Parks' Mission Statement: Managing and Conserving Arizona's Natural, Cultural, and Recreational Resources, Both In Our Parks and Through Our Partners for the Benefit of the People."

After the Board and staff introduced themselves, Ms. Westerhausen read the Board Statement.

C. CONSENT AGENDA

1. **Approve Minutes of the April 4, 2008 Arizona State Parks Board Meeting**
2. **Approve Executive Session Minutes of the April 4, 2008 Arizona State Parks Board Meeting**

- 3. Consider Staff Recommendations for Funding 2007 2nd Cycle Historic Preservation Heritage Fund Grant Projects** – Staff recommends awarding funding to the six (6) highest-scoring priority grant applications listed on the attached summary list (Attachment B) for a total of \$482,680.

Vice Chairman Woodling stated that he had been advised that there are several conflicts of interest regarding Consent Agenda Item #3. He asked for a motion to remove that item from the Consent Agenda for Board action.

Ms. Westerhausen made a motion to remove Item 3, Consider Staff Recommendations for Funding 2007 2nd Cycle Historic Preservation Heritage Fund Grant Projects from the Consent Agenda for discussion later in the meeting. Mr. Colton seconded the meeting and the motion carried unanimously.

Mr. Cordasco made a motion to approve Items 1 and 2 of the Consent Agenda (Minutes of the April 4, 2008 Parks Board meeting and the Minutes of the Executive Session of the April 4, 2008 Parks Board meeting).

Ms. Westerhausen seconded the motion and it carried unanimously.

Vice Chairman Woodling then moved to Agenda Item E.1.

E. BOARD ACTION ITEMS

- 1. Consider Recommending a Trails Heritage Fund Match Decrease** – AORCC recommends reducing the matching requirement of the Trails Heritage Fund from 50% to 25%.

Mr. Kent Taylor, representing ASCOT (AZ State Committee on Trails) addressed the Board. He is a member-at-large and has served on ASCOT since about 2002. He thanked the Board for listening to their presentation and for allowing them to bring this issue before them.

Mr. Porter joined the meeting by telephone at this point in the meeting. He noted that he is caught in a brief break between other meetings he is attending. He stated that he is particularly interested in the Picket Post House issue on the Agenda and noted his appreciation of taking up that issue as soon as possible.

Vice Chairman Woodling noted that he has moved another Agenda Item forward (E.1.) due to the number of people wishing to address the Board on this issue. He suggested that it might be a good idea for Mr. Porter to call back in at a later time.

Mr. Porter agreed that would be a good idea and agreed to call back at 11:00 a.m.

Mr. Taylor stated that the request before the Board is to lower the matching amount on the Trails Heritage Grants from a 50% match to a 25% match. The history on this particular request goes back to 2005 and the completion of the 2005 Trails Plan. After that plan was completed, staff gathered a task force of land managers, trail users, and other interested parties to take a look at aligning the Trails Heritage criteria to more closely identify with the goals and objectives of that 2005 Trails Plan and to identify barriers that might be barriers to communities, local governments, or land managing agencies that might want to apply for those trails Heritage Fund grants.

Mr. Taylor stated that several recommendations came out of that task force. All were approved except for one – to lower the grant match amount from 50% to 35%. ASCOT has kept it on the forefront of their agendas. In communication with land-managing agencies, trail users, and communities throughout the state, they felt that was still an issue. ASCOT discussed this issue internally and felt it is still an issue that needs to be addressed in the Trails Heritage Fund program. They felt so strongly this time that they actually set the match amount from 50% to 25%. ASCOT presented that recommendation to AORCC and AORCC has now passed it on to the Board for approval.

Mr. Taylor reported that there are many issues that revolve around that match, as are discussed in the Board Packet. The main issue they hear regards community size and ability to obtain that funding. As smaller communities begin to develop trails and trail opportunities, they are often faced with the decision of funding public and health safety or parks and recreation or trail opportunities. Many times trails are left off of that list because of limited budget opportunities.

Mr. Taylor noted that over the course of the past seven years the majority of the applicants who receive Trails Heritage Fund grants are larger counties, municipalities, and the larger land-managing agencies. Not many small communities have been awarded grants. For the last seven to eight years the Trails Heritage Fund has been undersubscribed on a regular basis.

Mr. Taylor added that there are other examples of lowering a trails grant match amount that had been very successful. The Recreational Trail Program, a federally administered fund, has a match amount of under 10% and Arizona State Parks (ASP) administers that grant fund also. ASCOT sees that as a competitive program – there are a lot of applications for it, they get quality applications, and all of the money is distributed and out on the trail on a regular basis.

Mr. Taylor stated that, in conclusion, what ASCOT would pass on is that ultimately a change like this, with the benefits they believe it has, the ultimate beneficiary would be the public trails users. They will get more diverse trail products, a more competitive process (which leads to better trail opportunities), and at the end, we will get more opportunities for trails on the ground.

Mr. Colton stated he had two questions. He asked if there was any thought given to a differential between large and small communities.

Mr. Taylor responded that he remembered that discussion taking place. He doesn't recall where that discussion went.

Ms. McVay responded that ASCOT had that discussion with AORCC two years ago. It was difficult to decide where to break the populations up. Other issues, such as tourism, came into play.

Mr. Colton asked if there was any consideration given to trying to do this on a trial basis such as two or three years rather than just making the change.

Mr. Taylor responded that he believed that discussion took place when they first went to AORCC. He believes that is a legitimate opportunity as long as the trial period is long enough to get it through everyone's grant cycle.

Mr. Travous noted that this is not a staff recommendation; it is an AORCC recommendation. He was unable to be at the last AORCC meeting. AORCC is an independent agency. He stated that he has two main concerns.

Mr. Travous stated that, overall, he has an ingrained problem with matches that are less than 50%. One of the things the Board is charged with doing is to put the money out in a good manner to the public. Something in the back of his mind says that if a community can only come up with 10% then how badly do they really want it and how can they maintain it once they get something of that value. His other concern is how to prove results once it's done.

Mr. Travous added that, beyond his concerns, if the Board wants to do this, they could do 25% for poor communities only and then sunset it in three years so that the Board could look at it and perhaps go even lower if it has the effects the Board wants. He would reserve that for the communities rather than for all the applicants.

Ms. Cate Bradley addressed the Board. She represents the National Parks Service (Rivers, Trails, and Conservation Program). Her job with the Parks Service is to provide technical assistance to communities in Arizona that want to develop trails and protect open space. She is seeing firsthand how this 50% is, in some cases, a non-starter and in other cases a deal-breaker for trails in smaller communities.

Ms. Bradley thanked the Board for its leadership in outdoor recreation in Arizona. It is both personally and professionally important to her. She has been a member of ASCOT for the past 10 years. She wanted to discuss how ASCOT has worked itself to become an institutional infrastructure and how the Heritage Fund has changed over time. In the end, she will ask the Board to support this request.

Ms. Bradley reported that since ASCOT had its beginning 35 years ago it has really worked to master some of the important elements of management. ASCOT has developed partnerships with each other. They have a very diverse group of people who represent communities, disciplines, and talents. They are bringing outside networking into their internal networking to amplify their effectiveness in community planning. They have leveraged those partnerships in communities that wanted to develop trail plans. She is talking about the smaller communities and smaller counties that don't have the resources to pay for consultants, for the most part. ASCOT has often brought their expertise into those communities to help them get their ideas and concepts on paper and get those plans adopted through their elected bodies. That's the first step – getting that value recognized in the communities. With those adopted plans, then, the administrators and staff in those communities can turn those plans into policies and begin to implement those plans when those funds are available or when the opportunities arise.

Ms. Bradley stated that, in doing all that, ASCOT has raised the importance of trails at the political level. At the community level they help involve the public participation process. They help bring the values of the community in front of the officials. They are making this part of the political fabric because trails are important.

Ms. Bradley added that in the 1980s when the Heritage Fund was first created, it was a visionary step. The Heritage Fund program was developed in response to the needs

and the trends of the day. She believes that that 50% match was as much about precedence and parity with other grant programs as for any other reason. She wasn't there so she doesn't know. Who knew, in the 1980s, that we would now be in an obesity epidemic? Who knew then that we would have the mental health and public health issues that we face today? Who knew then what the juvenile problems would be in families, schools, and communities? Who knew then that a 50% match might be a deal breaker for something like a trails program that those in the Trails community need to address some of those issues. Times are different now.

Ms. Bradley noted that parks and recreation programs are consistently taking a larger hit than streets and public safety are. They have been asked for years to do more with less and ASCOT feels that this 25% match may begin to go a little more towards what they need to achieve to provide the services they want in their communities.

Mr. Bradley stated that, in her 10 years in ASCOT, the Heritage Fund has gone under-subscribed for several years. In trying to understand what was happening, they first found that the application process was a little too complicated. ASCOT moved to modify and correct the application process. Then they learned that the matching funds, especially in these economic times, are a big challenge. That's why they are asking for the ability to modify that lift and see if it works. If it needs to be in a sunset phase, she requested that they at least get that shot. She suggested that three years is not enough time and that five years should be the minimum. It takes almost two years just to get a community group organized enough to go down the field with the same ball and the same goal and wrap up their city involvement skills enough to be effective public leaders.

Ms. Bradley stated that they, as ASCOT members and in the trails communities, get another chance to work their network, get the word out that this is happening, and get more plans developed in the smaller communities. She is excited that this year they have a developer on ASCOT. We need to understand how the private and public sectors can work more closely so that we create sustainable, healthy communities.

Ms. Bradley added that with a reduction in match, she feels the Heritage Fund program will extend its reach to more communities in the state and level the playing field better. She feels it will help to continue to make AZ Trails system one of the finest in the country.

Ms. Westerhausen asked what the working definition of "communities" is.

Ms. Bradley responded that she has another colleague and they both work in the State of Arizona. They decided that Tucson, and Phoenix (those communities that have the resources and the tax base to create the resources to hire consultants) are not as competitive in ASCOT's application process as the smaller communities are. Personally and professionally, she identifies communities as small communities. But, these are tough times for all communities. She doesn't only want to represent that bias.

Mr. Cordasco noted that in looking over the list on page 20 of the Board Packet, he is still very unsure about what the reduction does to promote the Trails program. He would guess that the exact same people will receive the grants but without having to come up with more money.

Ms. Bradley responded that the order of magnitude of the cost of a trail in urban communities compared to rural communities is phenomenal. An urban community needs to take into consideration streetlights, traffic crossings, and traffic calming – the kind of engineering infrastructure that really ramps up the final cost of a trail. A rural community often has land at their disposal and there's more of that small town, roll up your sleeves, get the Boy Scouts out, and get it done kind of situation that keeps the budget of trails at a much lower level. She is currently working on a trail in Patagonia. Patagonia is trying to develop a rail trail that ultimately will link Patagonia with Sonoita. That goal is too large to do at once so they broke it down into phases. The first phase is a two-mile loop. Patagonia, which has a very minimal budget, has a greater likelihood of a fund-raising success to raise the \$2,000-\$3,000 match that may be needed for their trail so that they become a little more competitive. The proportional community investment is remarkable. It could be the difference between a \$3,000 match and a \$100,000 match or more. She believes, from her experience in her role with the Park Service, that there will be more communities applying for Heritage Funds.

Mr. Cordasco responded that he appreciates that. He is not sure what the advantage will be if, overall, the same people will receive these grants.

Vice Chairman Woodling noted that he read over this information as well and shares Mr. Cordasco's feelings. He noted that there is quite a list of people waiting to address this issue. He stated that he would like to move on and hear these other people and then discuss this issue as a Board. He asked if that was OK.

Mr. Cordasco responded affirmatively unless someone on the Board was ready to make some sort of motion.

Vice Chairman Woodling reiterated that there are a number of people who have signed up and felt the Board should honor their requests before any motion is made.

Mr. Cordasco responded that that sounds good. He asked if the Vice Chairman would direct them to hit on the key points the Board is most concerned about such as how one differentiates between a small community with the larger community in a competitive situation to receive grants as opposed to Maricopa County or the National Forest Service or someone else.

Vice Chairman Woodling agreed with Mr. Cordasco's request.

Dr. Daye Halling addressed the Board. He stated that he is a citizen member at large of ASCOT. He will try to be brief while still addressing his points. He professionally represents the development community. He noted that we may soon be added to the endangered species list. He noted that, from his experience, parks and recreation is not too far down the line regarding cuts with state and local governments. We have an idea today of the severity of those cuts. There's a lot of uncertainty out there as to how drastic this recession will really be. There is no doubt we are in a recession.

Dr. Halling noted that, from a developmental side, things run in cycles. They are assured that the population of this area will continue to grow. It has slowed down significantly, but it will pick back up. We live in the Sunbelt; we don't have many natural limitations. Land will be developed; people will be coming. His title for the company he works for is Sr. Mgr. of Amenity Development. Other companies try to

maximize the property for investment and make trails, parks, and other recreational items as marketing tools rather than as active living. Thankfully, the owner of his company has a different perspective. They try to have extensive linear parks within their communities. He brings this up because he feels it is particularly poignant at this point to recognize that if communities that front or align themselves with their properties do not have the capabilities to develop trails systems, it is unlikely that developers are going to want to spend the money to build trails that lead nowhere. Connectivity is an important element for their communities and city-at-large. He believes that this reduction needs to happen. It enables more participation in the program and those funds are being utilized.

Dr. Halling stated that the other point he would like to make is that, as a country, we are facing an obesity epidemic. If we don't correct this, our system of healthcare could bankrupt this country. Trails are particularly important when looking at population and physical activity. We need to get more trails out there. From development's viewpoint, the more participation that communities have to encourage connectivity the more developers will respond. He asked that the Board support this reduction.

Ms. Westerhausen asked for examples where the development community has helped these small communities collect matching funds.

Dr. Halling responded that, unfortunately, developers usually carry the brunt of the trails, parks, and recreation systems. As private entities, they are for-profit entities. They don't have the non-profit status that would enable them to acquire the money that is out there.

Ms. Westerhausen stated that she was asking if there are ways the development community could contribute to the pool of matching funds that community is coming up with.

Dr. Halling responded that he would hope so. However, right now developers are an endangered species. Times are very tight. It's a challenge for developers. They are often seen as cash-rich, but there aren't many of them in existence now. They are at or near bankruptcy.

Dr. Halling stated that the collaborative effort that SCORP recommends needs to be encouraged. He believes that we need to look for as many creative solutions as possible. He doesn't see this changing significantly in the future. He believes that it will always have to be a collaborative effort. It's been interesting since he's been affiliated with ASCOT. Thankfully, they have readily accepted him. Considering the times, he feels it's a wake-up call to consider collaborative efforts with a little more sincerity. To make things happen in our communities, we have to look at all available resources.

Vice Chairman Woodling noted that there is just so much money available for trails through the Heritage Fund. If this Board elects to reduce the matching funds, that means that there will be less money for trails. Say there is \$1 million for trails. The community has to raise \$500,000 (50/50). If they only have to raise 25%, that means there's still \$1 million for trails; they're contributing less money; that leaves less for funding projects and less trails.

Mr. Travous responded that he believed the idea here is that the amount is \$500,000 per year. A match of 50/50 would mean \$1 million worth of trails built. The issue is that the smaller communities can't come up 50% of their project cost. They might be able to come with 25%, That means the Board is not getting as much trails built overall, but the idea is to enable the communities who cannot come up with the match become more competitive and the Board will see them more often competing for the money than we see them now. He thinks that addresses Mr. Cordasco's issue. If one only has a 50% match, then the only people who apply for it will be the federal government and the larger counties and the big cities because they are the only ones who can afford it. According to ASCOT, it's a way to make it viable for small communities so they can come in and at a lesser amount apply for grants they are not now applying for.

Ms. Tammy Pike addressed the Board. Because of budget cuts, she's been asked to speak on behalf of the Forest Service as well as the Tonto National Forest. She stated that she would also add some personal thoughts. She was injured in an accident last November that required a life flight situation out of Tonto National Forest. Part of her rehabilitation at this point has been to get her out walking. She lives in a small community known as Black Canyon City. It is not incorporated and cannot make a 50% match in any way, shape, or form. They have tried numerous times to get trails out of Black Canyon City for the purposes of allowing people to get out and walk around and do things. She has to walk on streets at various times because there is no trail for her to use. She believes that is to the heart of what some of these people are trying to tell the Board about small towns.

Ms. Pike stated that, from the federal side of it, they cannot apply for many of these grants because of the 50% match. This year, all of their trails money has been cut to the point where one district got all of it to match one grant from ASP. They have done tremendous work with the money ASP has been able to give them over the past few years to work on trails. Many of the trails that were demolished during the Willow Fire and the Cave Creek Fire are only open today because of funding from ASP. Their trails fund has now been diminished to the point where they can't apply for many grants, especially when it's 50%. Tonto National Forest is where the people from Starr Valley, Globe, Miami, and Young go to hike. They don't have property where they can go to develop trails on

Ms. Pike stated that she understands both from a personal standpoint of her town not being able to apply because of this match and from a professional standpoint that at 50% it reduces the number of people who can apply and it is getting trails closed on the national forests because of demolishing things such as fires. They would like the Board's support in decreasing the match to keep those trails open to those small communities that are within our borders.

Mr. Charles Scully addressed the Board. He is a member of ASCOT and lives in Clarkdale, AZ, a small town of about 4,000. He's been involved with trail advocacy and planning and construction since 1990, mostly in northern Arizona. He is also a member of the Yavapai County Trails Committee and serves on the Verde Valley Trails Planning Committee. He is a member of an appointed committee in Clarkdale that is working on

trail development there. His daytime job is working for the City of Cottonwood where he is a long-range planner

Mr. Scully stated that over the years more and more cities around Arizona have gotten involved with developing trails and trail systems. There is more interest all the time. More people want to have trails in their communities. It adds benefits; it adds value; it adds economic benefits; it adds social benefits and environmental benefits. A 50/50 match sounds reasonable. It's sharing; it's equal. It provides leverage to the available funds. It's obvious that the intent was to spread it out. In looking over the past 15 years, however, one can see that a lot of communities have not participated or been able to. The small communities that he works with could do their projects in phases spread out over two or three years. The reality is that they won't. They do not even see this as a viable program to get involved with. Having an extended five-year period to set this up is important because it will take people time to ramp up into this program, get their trails listed on the state trails system, and provided more time for outreach to the communities to let them know about it. We're talking about levels in these communities of \$10,000-\$20,000. This year in Cottonwood they're looking at reducing their budget to cut expenses up to 20%. For someone to come in and say they want \$20,000 out of the budget for some trail idea just won't happen. Getting it down to where someone says put \$10,000 in and maybe we can get \$30,000 matched sweetens the deal enough that the participation in these programs will actually expand the number of communities that historically have not been part of this program. Ultimately, the whole point here is that ASCOT is helping to strengthen the communities and help make them healthier and stronger. This issue has been discussed at their county meeting and everyone thinks this will be a very positive issue in terms of the reality, the political reality, going to the councils and boards and putting it on the table.

Mr. Colton noted that Mr. Scully was talking about communities of 4,000-6,000 populations. He asked if Mr. Scully sees the smallest communities, the medium-sized cities (the Yumas, the Prescotts – the ones that are under 100,000 but more than 50,000) applying or if he sees the larger cities applying.

Mr. Scully responded that Prescott and Flagstaff have received Heritage Fund grants. They still need help, too. All of these places also have a regional perspective, too, as well as counties. Yavapai County is really a rural county. He noted that the Board gets a spreadsheet of who has applied. What the Board does not see is who calls up and asks and talks about the program. He thinks there is a much broader group of people out there that would like to find help and advocates in these communities that need something to sweeten the deal.

Ms. Westerhausen asked if the Board, as a practical matter, have to tinker with the definition of "community" or if simply having this change from 50% enough so that the smaller communities will start to become hopeful about this process. There has been discussion about trying to give extra help to these smaller communities. Does the Board have to somehow add that to the matrix when we try to make these awards?

Mr. Scully responded that it affects the medium-sized communities as well. Their budgets are getting tighter everywhere and their ability to get this into the political

process where these decisions are really made . . . he doesn't know. He felt it would be good to have a time limit to see whether it works. If it doesn't work, the Board can go back to where things are today.

Mr. Travous responded that where the rubber will meet the road on this is when people apply and the Grants staff will have to determine what is and what is not a "community". The way it was presented was that everyone would get a 25% match. Now we've bifurcated that between communities and not. It could still be bifurcated again by saying that communities over such-and-such an amount (50,000-100,000) would be at 35% and communities under 50,000 would be at 25%. The second part of that would be to get the word out on the new rules and new guidelines for the program. When the applications come in, it would be up to staff to sort that out. Then they have to compare the efficacy of a \$20,000 grant to Clarkdale vs. a \$100,000 grant to the Forest Service in Flagstaff.

Mr. Travous noted that that is what staff are good at. They will wrestle with it and come back with something for the Board on that program. He asked if staff need this by September.

Mr. Ziemann responded negatively. This grant cycle will be based on the grant manual in effect last year.

Mr. Travous suggested that, as the Board looks at this request, they direct staff to come back and help them define "community" and how to break this new system down at the next Board meeting in July. Then the time between July and December to get the word out to the communities that there's a new game in town. By that time they are working their city budgets and will have the ability at that point in time to work with their city budget staff.

Vice Chairman Woodling then invited Mr. Tom Fitzgerald to address the Board. He asked Mr. Fitzgerald to be brief and noted that the Board had heard all about obesity and did not need to heard about it again.

Mr. Tom Fitzgerald addressed the Board. He stated that he believed there were still a number of lingering questions. He noted that he was employed by the Tonto National Forest for nearly 8 years; a Phoenix City Planner for nearly 5 years; and is now with the Central Arizona Project. He was on ASCOT for 7 years and chaired ASCOT for two of those years. There are a number of things he wanted to clarify. He noted that this is one piece of the puzzle that ASCOT has been working on for many years since it was first brought to the Board more than 3 years ago. This is not ASCOT's idea. This is the Trail Advocacy Group's idea. This is the Trail community's idea. This is the group that comes to ASCOT regularly. ASCOT evaluated the 2005 Trails Plan. They basically heard 2 things: the application process was flawed and the question of the match. Since ASCOT last presented this to the Board, they went out and revised the grant's application process to make it a little more user friendly. They took the advocates' advice and reworked that grant program application to make it a little more user friendly.

Mr. Porter noted that he was back on-line and asked if he were still early for the Picket Post House issue.

Vice Chairman Woodling noted that the Board was still discussing the match reduction request and would probably go into Executive Session in about 10 minutes.

Mr. Porter stated he would call back in 10-15 minutes.

Mr. Fitzgerald continued by noting that the second issue was the match. That is why ASCOT is recommending that the match be reduced from 50% to 25%. The point about money being reduced or not so much money being on the ground or some entities getting more money is not necessarily the case. There is \$500,000 set aside each year. That money is capped per entity that applies for it. The money only goes for trails that are in the State Trails System. They have to apply, and there are more than 600 trails currently in the trails system. Various numbers of trails come in each year that are evaluated and some are denied and some are accepted. The money goes directly towards that. In looking at who has been getting these grants over the last couple of years, there is a consistent trend of who is getting the money. They are the large municipalities, the large forests, etc. All of them (City of Phoenix, City of Scottsdale, all the forests) are receiving cuts to their budgets. What we don't see are the small communities and entities that are out there that have trails within the State trails system, and they haven't been able to apply for this money because it's been cumbersome both in the application process and because they just don't have the money to match.

Mr. Fitzgerald noted that not one entity will get more money if the match is reduced because it's capped. However, their match will be reduced. By reducing the match, it increases the competitiveness of the program. He reminded the Board that this is a grant program and that there are no guarantees. The only reason the people are getting the money now is because 9 times out of 10 the program is undersubscribed. ASCOT is only getting 7 or 8 applications and not everyone is asking for the full allocation they are capable of getting. The only reason some of these applicants are getting the money is because they're the only ones applying. It's not always just the matter of the match. The big guys have the match. The little guys don't. They're not applying so they're not getting the money. The big guys are getting the money. To make it simple, ASCOT wants to increase their grant applications to 15-20 because it is a competitive process. Just because the City of Phoenix or the City of Scottsdale – the "big four" apply for it doesn't mean they're going to get it. They go through the grant process and everyone is evaluated. It needs to be competitively neutral with everyone on the same playing field. They want to keep the match at 25%. They've already gone through the public process; they've had the public meetings; they've talked to all the trail advocates from the big guys to the little guys and everyone says they think that 25% match would be a good thing. Not pro-rated; not 10% for one guy and 50% for another guy.

Competitively neutral and across-the-board. Everyone has the same opportunity; everyone's trying to buy from the same pot of money whatever they can match. Some of these projects are \$5,000; not the \$79,000 that has been the average. Everyone is on the same playing field and they all compete. They don't want the legislators to see they're undersubscribed. How many times have they tried to raid this fund? They want to get the money on the ground. By getting more applications in and having it competitively neutral they are in fact increasing the money on the ground. They are creating more diversity by spreading it around the state where it should be because the

state doesn't reside in Scottsdale or in Phoenix. It's across the state. Who's been getting the money? The Maricopa Counties, the Scottsdales and the Phoenix's because they are the ones who have been able to make their match. The little guys are saying they want to be in that game.

Mr. Fitzgerald noted that ASCOT has already taken the first step by revamping the application process. Now it's time to take the next step. He suggested that the Board reduce this match and see how many applications they increase by – from 7 or 8 to 20. ASCOT is also doing the next step. Staff provide training on the grant process in Tucson, Phoenix, and Flagstaff. ASCOT is trying to do the same thing. They are trying to do an outreach to help those folks as well. If they have questions, ASCOT is a resource for them. They can call staff; they can call ASCOT. They are trying to put things on their website. Again this is just one piece of the puzzle. He wants the Board to consider that. They hope it goes as well as the other grant programs that have reduced their matches (the RTP, the Safety Loop program that is a 5% match). They want to be competitive, too.

Vice Chairman Woodling noted that, for him, that was a very good presentation. He believes he is finally getting the picture. He asked if anyone wished to make a motion.

Board Action

Ms. Westerhausen: I move that staff look at the feasibility and advisability of making matching funds available to communities based on percentages tied to the size of the community, i.e., 25%, 35%, 10%, and that staff also look at the advisability and feasibility of a five-year trial period to commence in 2009 and for staff to address these issues at our next Board meeting.

Mr. Colton seconded the motion. He stated he would add a little bit to the motion in the sense of what he'd like to see one of the relative communities and counties to have the population table from the Department of Commerce or Economic Security from the last decennial census plus the population estimate from last year (July numbers) to see where we are headed brought back as well so the Board can get a sense of where to make a demarcation if a demarcation is to be made in order to include with the information staff comes up with in the analysis. The second thing he'd like to add was eligible entities within municipalities or eligible counties. He noticed that Yavapai College, for example, was a successful applicant at one point. He has difficulty with unincorporated communities but he will leave that to staff to make recommendations on. He also has difficulty, even though it's part of the State Trail System, with federal entities. He would like it to be looked at from the standpoint of reductions for federal entities and unincorporated communities.

Vice Chairman Woodling stated that there is a Motion and a Second on the Floor. He noted that he has been hearing from those who spoke to go 25%-10% reduction and not try to go 35%, 25%, 15%, and 10% and try to delineate different communities and different sizes. He heard from one speaker that this doesn't seem to be working because there are people using trails who don't particularly live in the community. He prefers that the Board give staff an idea of what this Board wants them to do prior to the next Board meeting or just go with the AORCC proposal and reduce matching

funds from 50% to 25%. He is not hearing different percentages for different communities from the speakers in this room.

Mr. Travous noted that there are two points. One is that staff can come back to the Board with both of those two options. He added that he believes the other piece of the puzzle is for ASCOT to start harping on the congressional delegation to get the federal government to start stepping up to its responsibility on its lands and start putting money into these things. Rather than talking to Board and making our smaller program work, the bigger picture is that this is a large federally-owned state and the federal government is not standing up to its responsibilities on off-highway vehicles, trail development, recreational development, historic, and natural and cultural resource management. It's time for ASCOT to start talking to the congressional delegation and make that part of ASCOT's puzzle. Don't just come to the state; when working on these larger projects go to the larger people who are looking to become President (John McCain).

Vice Chairman Woodling thanked Mr. Travous and stated he echoed those comments.

Ms. Hernbrode requested that, before calling for a vote on the Motion on the Floor, Ms. Westerhausen restate her motion.

Mr. Cordasco noted that Mr. Scalzo is also on the phone now.

Mr. Scalzo stated he has been on the line for 5-10 minutes.

Vice Chairman Woodling noted that he had changed the Agenda to work on Item E.1., and have been working on it for the last hour or so and had a number of speakers present to the Board.

Ms. Westerhausen: I move that staff look at the feasibility and advisability of making matching funds available to communities based on grant percentages tied to the population of the communities and also the advisability and feasibility of a five-year trial period to commence in 2009 and for staff to address these issues at the next Board meeting.

Mr. Colton seconded the motion as restated. He stated that he believes his comments will be reflected in what comes back.

Vice Chairman Woodling called for a vote on the Motion on the Floor. The motion carried unanimously.

Vice Chairman Woodling thanked the speakers for attending this meeting.

Mr. Scalzo made a motion for the Board to enter Executive Session. Mr. Cordasco seconded the motion. The motion carried unanimously. The Board went into Executive Session at 11:15 a.m.

D. EXECUTIVE SESSION - Upon a public majority vote, the Board may hold an Executive Session which is not open to the public for the following purposes:

- 1. Purchase, Sale or Lease of Real Property** – To discuss and consult with its representatives concerning negotiations for the purchase, sale, or lease of real property per A.R.S. §38-431.03(A)(7).

- a. **Picket Post House**
- b. **Verde River Greenway Properties**
- c. **Santa Cruz River Properties**

Mr. Cordasco asked Mr. Porter what the Al Varazo award is.

Mr. Porter responded that it is the highest award for achievement in history. He was honored to receive it.

Mr. Cordasco congratulated Mr. Porter on receiving it.

Mr. Porter noted that they blindsided him. As Chairman of the History Convention he introduced the Executive Director of the Society. She whispered to him that every year he does this he hypes the award so much and gives such wonderful background. She asked him to do it again this year so she wouldn't have to. He did as she requested and went on and on about the award. Then they gave it to him.

The Board members congratulated Mr. Porter on his achievement.

Vice Chairman Woodling called for a Recess at 11:15 a.m.

Vice Chairman Woodling called the meeting to order at 11:50 a.m. Messrs. Scalzo and Cordasco, and were present by telephone and Vice Chairman Woodling, Mr. Colton, and Ms. Westerhausen were still present at the meeting site and the Board maintained a quorum.

Vice Chairman Woodling the moved to Agenda Item I – Call to the Public since there was an individual who wished to address the Board.

I. CALL TO THE PUBLIC

Mr. Gary Meyers addressed the Board. He was present to update the Board on the Freedom Bridge. He has been a resident of Lake Havasu City (LHC) for 9 years part-time and full-time for the last 3 years. A year ago he was tapped as a “get it done” person to chair a program called the Second Bridge Committee. LHC has been the home of the London Bridge for about 20 years and there had been no need to build a second bridge. The London Bridge is fine and is a great treasure for the City. It is the second-most visited attraction next to the Grand Canyon. Governor Napolitano herself said it's one of the things she values most in the state. London Bridge, which as been up and running for about 37 years has been undersized almost since the time it's been built because of the island which was created by building the bridge. It has been developed and has excessive traffic. The bridge itself is not unsafe, but it is insufficient to handle the traffic. There's been a need for a second bridge.

Mr. Meyers noted that about this time last year a proposal was brought to their committee to rename the second bridge the “Freedom Bridge” and to have some objectives, which included not only improving public access to the island and public safety, but also honor the veterans and make it a veterans' memorial bridge. To revitalize the channel, the London Bridge spans what is now Bridgewater Channel and alongside the channel have been a lot of small shops that have had some difficulty in economic times. The most important objectives include public safety, honor the vets,

revitalize the economy, and to do so without asking for a single penny from taxpayers or the Parks Board.

Mr. Meyers stated that one of the things that makes this project so popular with everyone they've spoken to is that they are not asking for money.

Mr. Porter returned to the meeting at this point.

Mr. Meyers continued that they are trying to do something John F. Kennedy said, "Ask not what your country can do for you; ask what you can do for your country." They are creating a project that they want to be a net revenue raiser to give the money back to the City and back to ASP in such a way that the Board can now do some of the other things and fund some of the other projects the Board needs. They want to be a net contributor to this system instead of a net subtractor. They are not asking for a handout; they are asking for a hands up to government. This is a unique project. He doesn't know of any other project that's ever been done where volunteers in the community have gotten together and figured out a way to help government get an infrastructure built. This is a very unique thing. Usually we rely on government to give us painted double yellow lines on winding roads and build our infrastructure and we want to reverse that process.

Mr. Meyers stated that part of the Freedom Bridge Project includes an area they call the Freedom Park. He distributed brochures that were not available when the Board met in LHC in April. He noted that Freedom Park is an area that is next to or adjoins the Windsor Beach State Park (Windsor Site IV). This is a completely unused portion of the park area right along the Bridgewater Channel. They asked, and the Board approved, that they get access to use some of that park to complete part of this Freedom Bridge project. Part of this project includes a Freedom Memorial Walkway, which will be a history of America with blocks along the way, not just of the people buying bricks and people they want to honor, but also there will be historical markers along the way so every visitor to LHC can walk along the channel and learn American history. There will be a section called the Freedom Park, which adjoins the Freedom Bridge right before one crosses the channel to the island.

Mr. Meyers noted that the drawing right inside the brochure was an original draft. This draft has caused a little unexpected controversy. In looking at that drawing, which was done by the Chief of their Fire Department (Chief Dennis Mueller), an area was labeled "Freedom Park". That's not the actual area; this was an early draft from early October or November. The area of Freedom Park that we've been discussing is right above the Freedom Bridge. Based on the Board's verbal approval that was included in the MOU for them to use that area, they started selling bricks to veterans all over town, and they actually have brick buyers from all over the country who are buying memorial bricks for that Freedom Park.

Mr. Meyers stated that he is here to ask the Board for a little assistance in helping them help the Board. They know that they have volunteer landscapers, designers, and labor to help begin building the park. They have no money coming in from ASP to help them build it, but it will add more users of the State Park, to whom ASP charge parking. This is actually a net revenue raising of state funds.

Mr. Meyers stated that all they want is that final piece of paper that says, "Go do it; here's the dimensions of the park we are granting; go do it." They have met with the local ASP personnel at the Windsor Beach and LHC, and they are still waiting for some specific directive and exact dimensions. They will walk it off and get the exact dimensions that they need. They are already selling bricks for that park; they just don't have permission to use the park yet. The folks in town are anxious for ASP to figure out a way that they can actually work out the exact dimensions if the area of the Freedom Park that they want to use.

Mr. Meyers noted that another reason that timing is of the essence is that they promised as a volunteer group in the community that was granted permission by the City to pursue this project, not to create any delays in the City's objective of building this second bridge. The City has already spent \$3.8 million to acquire the right-of-way for the Freedom Bridge. Last month they designated \$650,000 to begin architectural designs, and now we're at the point where we're moving forward and cannot afford any additional delays. In addition, they don't want too many bricks piling up in the warehouse until they have a place to actually put them in that Freedom Park.

Mr. Meyers stated that this is simply a thank you for granting them permission to use part of Windsor Park and a reminder that they need a speed-up in the process so they can start developing that area. The follow-up point is that the Veterans Traveling Tribute (the traveling Viet Nam Wall) has committed to come to LHC next March for a week. They are also looking for a permanent location to leave that wall. They would like to leave that wall right at Freedom Park. It would be a permanent attraction to the State Park and attract more and more visitors. Thousands and thousands of visitors will come to see that memorial every year. This would be another area of attraction and another reason for people to come and visit the State Park.

In conclusion, Mr. Meyers again thanked the Board for approving the Freedom Park in April. All they need now is an additional effort to help them get this project moving along faster. They don't want to cause any further delays. They would greatly appreciate any effort by the Board to move things along. They are already selling bricks on the website. He thanked the Board and stated that he would hang around in case anyone wanted to ask him any questions off the record (since this issue was presented under "Call to the Public").

Mr. Travous noted that there cannot be any discussion of issues under "Call to the Public" but he needs to be on the Record that he is very uncomfortable with people selling bricks to put on a park that they don't have the authority to do so yet. He believes they need full approval of the Board. That issue was not on the Agenda at the April meeting in LHC so they could not get approval then. It was not on the Agenda for this meeting, so they cannot get approval today. His advice is for them to desist from selling bricks until they have approval from the Parks Board. Even though it's not money, it is State Parks property that belongs to the public.

Vice Chairman Woodling stated that it must be on the Agenda for July. He thanked Mr. Meyers for coming all the way to attend this Board meeting. He then returned to the Agenda Item E.2.

E. BOARD ACTION ITEMS

2. **Picket Post House** – ASP staff recommends that the Arizona State Parks Board approve the purchase of the “Picket Post” property located adjacent to Boyce Thompson Arboretum State Park. Further, that the Executive Director, on behalf of the Arizona State Parks Board is authorized to complete the purchase, using FY 2008 and FY 2009 Heritage Funds.

Vice Chairman Woodling turned the Board’s attention to page 27 of the Board packet.

Ms. Hernbrode suggested that before the Board loses its quorum they might also want to take up Agenda Item C.3. which was pulled from the Consent Agenda earlier in the meeting.

Mr. Ream reported that for the last 25 years staff have been working on the acquisition of the Picket Post House. We are now very close to purchasing that property. The Board has been talking about this for at least a year. Staff have been negotiating with the Rose Family during that time. The Board Packet includes a Purchase Agreement with a price on it, a recommended Board motion, and a recommendation of staff regarding the fund source for that property. There is some controversy and someone who wants to speak on it before the Board takes any action.

Vice Chairman Woodling invited Ms. Bonnie Bariola to address the Board.

Ms. Bariola, of Chandler, AZ, addressed the Board. She thanked the Board for taking time from their busy schedules to become members of the Arizona State Parks Board. She has been involved in the Heritage Fund grant process since it was approved by Arizona voters in 1989 or 1990 for the State Parks and Game and Fish to administer the grant processes for any amount up to \$150,000, which is the maximum amount an applicant can request for Historic Preservation money. Back-up information must be submitted, justifying the answers to 10 questions. Detailed budgets must be submitted with a lot more information. This information can total up to 200 +/- pages. As far as she understands it for the Picket Post House and the property adjacent to it this extensive background information was not available.

Ms. Bariola stated that if the Board approves this purchase, they can only hope that the Board does not continue this practice of taking Heritage Fund money. This purchase should not be compared to Spur Cross Ranch because that was a joint venture that involved the Governor and other jurisdictions. The Board is taking this money to pour out the economic development opportunities and preservation of historic properties throughout the state. In fact, in 1998 there were a total of 61 grant applications submitted for preservation Heritage Fund. Given that the Heritage Fund was fully funded from the AZ Lottery the 10% for preservation was sufficient to fund only 28 projects, leaving a total of 33 projects totaling \$1.9 million unfunded. In 1999 preservationists throughout the state were aware that ASP is taking a portion of the Heritage Fund to purchase Spur Cross Ranch. Therefore, only 31 applications were submitted with only 14 being funded, leaving 17 unfunded for a total of \$1.5 million. Realizing the purchase of Spur Cross Ranch would again take approximately half of the preservation Heritage Fund, the total number of grants submitted continued to be small with only 39 submitted in 2000 and funding available for only 12. In 2001 16 applications were submitted with funding available for 9. Since the Heritage Fund was not fully funded in 2001 only \$371,416 was available for the competitive grant process.

In 2002 and 2003 the legislature was strongly considering eliminating the Heritage Fund. Although the number of grants submitted continued to be very small and some of them had very poorly written scoring only 43 points out of 100, it was necessary to fund all that were submitted because the preservationists were afraid that the legislature would take the money that was not all spent.

Ms. Bariola added that it is very important that the Heritage Preservation Fund be a competitive process. The numbers show the process is slowly building back to a competitive process after the Spur Cross purchase. In the first half of 2007 there was insufficient funding to fund all of the applications with a high priority score. It is feared that if money designated for the preservation Heritage grant process are taken for the purchase of the Picket Post House it will be devastating to the preservation of our historic properties and many of these very important resources will be lost forever.

Ms. Bariola added that if she were in charge of the State budget, she would put ASP at the top because she thinks that it is very important that we have trails and open spaces. It's also important to people's health. If she were the Governor, she might make everyone go out and take a hike or visit a state park. She is very, very supportive of ASP. But, for many reasons, she does not think it's in the best interests of HP Heritage Fund grant programs to take money in the amount of \$1.5 million. She thanked the Board for listening to her.

Vice Chairman Woodling thanked Mr. Bariola for her input.

Mr. Ream reported that staff met with HPAC and that they made a recommendation at a \$490,000 for 2 years, which would require ASP to make up the difference. In July staff had asked for \$700,000 for four years from HPAC, and the Board approved \$700,000 be held from FY 2008 money. Staff and the Board received a letter from HPAC requesting that not all the funds be taken from HPAC over the four-year period.

Mr. Ream stated that Mr. Travous met with AORCC and arranged for \$700,000 in FY 2008 and 2009 money to come from that source. It works out that \$1.4 million would come from the Heritage Fund Local, Regional, and State Parks funding for FY 2008 and 2009 and \$1.4 million would come from the Historic Preservation Fund in FY 2008 and 2009 and the remainder would come from carry forward from the 2007 HPAC funding. The way it breaks out is explained on page 28 of the Board Packet. It is parceled out as the Board is buying 3 parcels. The 2 parcels that are vacant land account for about half of the total amount and the parcel that includes the house and other historic buildings and properties is \$1.48 million. The Historic Preservation money would go all to the historic portion of this property.

Mr. Porter stated that the Board is probably at a critical crossroads where they will have to face issues like this far more intensely as time goes on with very limited resources. When we see a property like this, quite frankly if the Board doesn't act, it won't be available to act upon again. He certainly believes that the Picket Post House falls within that category. It is such an integral part of the existing state park and the botanical garden that it is something he would hate to have to look back on and say, "We had a chance to add that and we didn't." He doesn't know what else to say other than this is something he supports 100% and would very much like to see it in the system.

Board Action

Mr. Porter: I move that the Arizona State Parks Board approve the purchase of the "Picket Post" property located adjacent to Boyce Thompson Arboretum State Park. Further, authorize the Executive Director or designee, to enter into a purchase agreement on behalf of the Arizona State Parks Board using Arizona Heritage funds, in Fiscal Years 2008 and 2009, in this formula – funds in each of Fiscal Years 2008 and 2009, \$700,000 from the Arizona Heritage Fund (AHF), Local, Regional and State Parks fund, to use \$700,000 from the AHF Historic Preservation Fund for a total of \$2.8 million, and to use \$131,000 AHF Historic Preservation Fund FY 2007 carry forward. The total sum of \$2,931,000 will be used to purchase the "Picket Post" property.

Mr. Cordasco seconded the motion. The motion carried unanimously.

Mr. Porter stated that he needed to leave the meeting to attend to other matters of business. He noted that this may very well be his last meeting as a Board member. He wanted to tell the Board what a pleasure it has been. He has come to respect the people who have been on this Board with such an intensity that one just can't imagine. He will do everything that he possibly can to support everything the Board is doing. If there's anything he can do to help, don't ever hesitate to contact him. ASP has a volunteer willing to jump right in.

The Board thanked Mr. Porter.

Mr. Siegwarth informed the Board that the phone bridge may end at 1:00 p.m. The Board has two more Action Items they may want to take care of.

Vice Chairman Woodling asked if Mr. Scalzo and Mr. Cordasco were still on the line. They responded affirmatively and a quorum was maintained. He then returned to the Consent Agenda Item #3.

C. CONSENT AGENDA

- 3. Consider Staff Recommendations for Funding 2007 2nd Cycle Historic Preservation Heritage Fund Grant Projects** – Staff recommends awarding funding to the six (6) highest-scoring priority grant applications listed on the attached summary list (Attachment B) for a total of \$482,680.

Vice Chairman Woodling stated that Mr. Colton might have a conflict-of-interest with some of the grant applications included in this item.

Mr. Colton stated he has a conflict-of-interest with two items dealing with Pima County. One is a recommendation from staff for a grant for Pima County in Ajo for the Immaculate Conception Catholic Church because he has worked on this project to some extent. The other is the ISDA project in Ajo for the Manual Arts Bldg. He requested that he be able to leave the table for the Board to vote on those two grants and then return to the table to vote on the remaining grant applications.

Vice Chairman Woodling suggested that the Board take a vote on Attachment B, which was a high-priority recommended by staff and vote on the two requests that are from Ajo which is in Pima County separately.

Board Action

Mr. Scalzo: I move that the two (2) highest-scoring priority Historic Preservation Grant Program applications from Ajo, AZ (Manual Arts Building and Immaculate Conception Catholic Church) be recommended for funding for the 2007 2nd cycle Historic Preservation Grant Program in the amount of \$119,130.

Ms. Westerhausen seconded the motion. The motion carried unanimously with Mr. Scalzo, Mr. Cordasco, Ms. Westerhausen, and Vice Chairman Reese Woodling voting Aye and Mr. Colton abstaining from voting.

Vice Chairman Woodling noted that Mr. Colton recused himself from voting. The Board would now take action on the remaining four projects: the State Motor Bldg., the project in Florence, the project in Bisbee, and the one in Glendale.

Mr. Colton: I move that the four (4) highest-scoring priority Historic Preservation Grant Program applications from Jerome (State Motor Bldg.), Florence (Celaya/Long/Sweeney Residence), Bisbee (HBPP for Copper Queen Library and City Hall), and Glendale (Catlin Court II) be recommended for funding for the 2007 2nd cycle Historic Preservation Grant Program in the amount of \$363,550.

Ms. Westerhausen seconded the motion. The motion carried unanimously.

E. BOARD ACTION ITEMS

3. Jerome State Historic Park Stabilization Fund

Mr. Ream reported that recent developments in Jerome resulted in staff discovering that the wall that many of the Board saw at the 50th Anniversary Event is much worse than staff anticipated. There has been emergency contact shoring up that property. This funding has some technicalities because it has to go through the JCCR

Mr. Siegwarth stated that this was not part of the original Capital budget. The Board normally approves the agency's Capital budget and gives staff the authority to go to either the legislature or the Governor as required to fulfill this process. This is a new project to put on our Capital Improvement Plan. Because it is in the Enhancement Fund money, it will have to go to JCCR for review

Mr. Ziemann noted that there is already one outstanding issue pending with the JCCR – the RFP for development at Contact Point. Staff would like to combine these two and bring them as a package to JCCR.

Mr. Siegwarth noted that the Governor increased our General Fund budget by \$1 million this year to free up \$1 million of Enhancement Fund for Capital projects. This is clearly the best use of that \$1 million for Capital projects.

Mr. Colton noted that this money is clearly for a temporary stopgap.

Mr. Ream responded that this is a fix for good. Staff pulled funding from other projects and got the contract on-board. Before staff can do a complete fix, an architect needs to go in and determine exactly what it needs. One cannot just guess with these things. We could fix one piece and end up causing damage to another. This money might pay back some of those other funds that staff have already expended on and move the process forward. He has heard numbers from \$1 million to \$2 million to fix this problem. Staff won't know until the stucco is pulled off that building just how extensive the damage is.

Right now they feel that it's located on that one wall, but that parapet runs the entire building and it may be necessary to pull the entire parapet off that building and rebuild that roofing structure and then put it all back on top. That's the worse case scenario. The best case scenario is that the damage is located in this one area, staff rebuilds that one area, and put it back together at a cost of \$1 million plus the engineering that goes with it and the building lasts for another 100 years.

Mr. Ream explained that the damage came about because of a bad roof and over the years water percolated down. When they fixed the roof that water was trapped inside and deteriorated over a period of time. It was invisible until the stucco started coming off the wall.

Vice Chairman Woodling asked Mr. Siegwarth to go over the JCCR situation again because it appears we have two issues but only one staff recommendation.

Mr. Siegwarth responded that when staff went to JCCR for the \$2 million in SLIF money for Contact Point, they reviewed it and said OK, but they wanted to see the RFP before it was actually put out. They've been asking staff every month or so to see the RFP. Staff didn't want to bring them a new item without having closed the loop on the last meeting. When staff present them with this request for \$1 million for their review, staff will also present the RFP for their review.

Board Action

Mr. Colton: I move that the Arizona State Parks Board approve the Arizona State Parks capital request of \$1 million from the Enhancement Fund and that the Executive Director be authorized to implement the capital improvement program, including submittal to the Governor's Office and legislature as required.

Mr. Scalzo seconded the motion and the motion carried unanimously.

Upon Ms. Hernbrode's request, Vice Chairman Woodling then moved to Agenda Item H.1.

H. REPORT BY ASSISTANT ATTORNEY GENERAL

1. Update on Litigation by Mabery LLC

Ms. Hernbrode stated that she was pleased to say this may be the last time she will give a report on this issue to the Parks Board. A Settlement Agreement has been reached and signed with the Mabery Ranch Company. Mr. Cordasco, Mr. John Hays, and she met with the Maberis and, in the course of about an hour, managed to knock out the bare bones of the agreement and then Mr. Rick, attorney for the family, and she argued the next three weeks or so what the details would be. We have a signed agreement from everyone. The 50' wide easement was a deal-breaker for them. We are in the process of granting them a 50' wide easement from their property boundary to our property boundary so that there's a big loop across the bridge. They gave up all of their other rights except that we need to exempt their existing power lines that run across our property, their existing phone line which runs across our property; they have a bank protection easement that was granted in a previous purchase of property that we had; and they have some rights to the Hickey Ditch. Other than that, they have given up all of their rights, everyone's paying their own attorney fees, she filed a document

yesterday which should result in dismissal from the Arizona Court of Appeals, and we need to file a document dismissing us from the Superior Court, and the Board will be done with this litigation.

Ms. Hernbrode added that ASP staff have been working diligently to get that easement surveyed so we can get everything finally signed and she won't have to talk to the Board about Mabery ever again.

Ms. Hernbrode noted that work is being done on a press release that Ms. Bilbrey prepared and the Maberys are reviewing. She hopes that press release will be able to go out soon.

Ms. Hernbrode concluded by stating that she couldn't have done it without Mr. Cordasco's and Mr. Hays' help. Mr. Cordasco has got to be related to basically everyone in the northern part of Arizona. That worked out very well with the Mabery family. Mr. Hays is, of course, a wonderful person to have at one's side when negotiating.

Vice Chairman Woodling thanked Mr. Cordasco for all of the work he put into this. The Board really appreciates his efforts.

Mr. Cordasco responded that he believes that the timing was just perfect for him to go there and do what he could. He appreciates staff and everyone else; but it was really something to stay so focused, to have gone through all the legal aspects with the court, and keep us all focused all these years and then to be able to participate in the discussion with the Maberys and outline a plan for getting it to where it is today. It really was something. He stated that the Board needs to give Ms. Hernbrode some thanks separate from everything because what Ms. Hernbrode did was outstanding.

Vice Chairman Woodling then moved to Agenda Item G.4.

G. EXECUTIVE STAFF UPDATES

4. Arizona State Parks Foundation

Mr. Doug Frerichs, President of the Arizona State Parks Foundation (ASPF) addressed the Board. He thanked the Board for the opportunity to speak with them. He stated that early last week Mr. Scalzo was kind enough to meet with him, Mr. Travous, Ms. Statler, and one of their new board members, Mr. Rory Hays. They were talking about ASPF business. He noted that everyone is aware that Senator O'Halleran had introduced legislation earlier this year calling for a citizens' study would look at long-term ways to ensure continued funding for ASP in a solid way rather than continue in the path of constant cuts that the agency is always facing. It is ASPF's estimation now, with the economy the way it is, and given the history of what happened in 2002 and 2003 that the Board is facing a death of a thousand cuts. It may continue next year. The State is facing a \$2-\$2.2 billion additional deficit to deal with for 2009. The Governor and the legislature will need to work out what agency cuts are needed for 2009 in the next week or so. He's heard it could potentially be 17% across-the-board. They don't know how ASP would survive something like that.

Mr. Frerichs stated that the supporters of this agency they care about so much would urge the Board to consider, absent action by Senator O'Halleran, that there is a

possibility that the Governor, with the Board's support, could create a Blue Ribbon Panel to go beyond what the Board members themselves and staff can do which is to enter the political arena for funding in next year's legislative session. If the Board acted soon on this, a panel could potentially be created. He hoped that it would be an appropriate panel that would carry weight. For example, include members of the business community with important chambers from the local communities that ASCOT was talking about earlier, members of the Heritage Alliance, ASPF would like to be involved in it, and other appropriate stakeholders.

Mr. Frerichs added that ASPF believes that such an examination could gain a great deal of credibility if it included some sort of funding that would not be too expensive to involve the Morrison Institute and/or NAU. NAU did a study some years ago that is now 4-5 years out of date that talked about the value that ASP brings to communities around the state.

Mr. Frerichs stated that their thought is that it's those kinds of things that need to be brought before legislators – those weighted kinds of information especially from credible institutions like ASU, Morrison, or NAU. If that kind of study were authorized and implemented and funding is available to do it, it would serve ASP very well. This is not to second-guess any funding that Mr. Siegwarth has to deal with. Neither Mr. Siegwarth nor ASP can go beyond the political process to command the money or stop the cuts from happening. They believe what is needed is a set of ammunition and a sense of community support from segments of the communities and stakeholders that would say here's what's needed over the long term to ensure our growing state that we have the recreational, historic, and scenic facilities to be able to maintain the capital projects there and that we don't have the Douglas Mansion falling apart on the back side of it and desperately trying to cobble together money – robbing Peter to save Paul – in order to keep up our historic buildings.

Mr. Frerichs added that, if this request is to have value politically, it would have to be something the Board would have to entertain and pursue soon otherwise the Board would have to face another legislative session and further cuts and whatever else goes on.

Mr. Colton asked if Mr. Scalzo had any additional comments.

Mr. Scalzo responded that they had some very long discussions with some very generous individuals who have given their time and effort to help ASP. He sincerely agrees that an effort to do this Blue Ribbon Study bring together the best minds in the state; it could really be a great impact. If the Foundation, in turn, could help raise the money to help subsidize that study, we would be on our way to proving not only our value but, more importantly, a funding source recommendation. We need something that says this system can't sustain itself without these new changes. Some of them may involve taxes; some may involve different funding resources; it may involve more private/public partnerships. We need that study done and it needs to be done by others than the Board, and it needs to be done by people the legislature and the Governor would listen to. Anything the Board can do to support that idea needs to be done. It might help the Board if the Governor and the legislature agree to give it a try.

Ms. Westerhausen asked what, exactly, the Parks Board could do now to further this and whether what we could do now is something the Board could vote on today.

Mr. Travous responded that the Board could ask for an audience from the Governor. He believes that is totally appropriate at this juncture. That does not need a motion. The Board could go and talk to her about it. He suggested that the Board do that. He noted that Mr. Larry Landry is coming on the Board and that he could help them get in. Perhaps Ken Chevraunt can help pave the way. Nothing will be done this year, but we need to be ready when the economy turns to have our issues fully vetted so that when they begin talking about restoring the state's economy they talk about restoring the state parks system. He believes we will see the turn-around start about this time next year. We have a year to get something in front of people. We need to have people outside this organization solve our problem until they start talking about it. They are not going to help us solve it. That is the number one goal. When it comes to money, staff can bring forth some ideas in July. There is money from the Forrest Timms Foundation money he thinks a portion can be used if the Board wants to get the Morrisons involved. He added that we need the Governor's advice and blessing to begin pursuing this study and get through the politicalism of it all.

Mr. Frerichs stated he wanted to add two last thoughts. First, he wants the Board to know that the Foundation is not flush with a lot of money. They contributed \$10,000 towards the stabilization of Jerome State Park. They are there to help and support the Board in their efforts and to be friends and supporters in every way they can on this and anything else. His second thought is that their Vice President, Karan English, is very involved in NAU and the ecological monitoring assessment program. Ms. English is knowledgeable about these kinds of studies. She has had a lot of experience as a former legislator, she is close to the Governor, and is a former member of Congress. She believes that this panel would be very important and would have great value long-term, not just for next year's budget process. She did think that a study of this sort through NAU could be done quite reasonably – well under \$50,000 and perhaps even under \$30,000 to update the work they did before. She suggested that Morrison would bring great credibility in terms of looking at other questions (longer term funding, the value of the state parks system and providing a lot of weight and ammunition on that side of the argument), too. It would go beyond what NAU could do. In short, her summary thoughts were that this should not be a hugely expensive enterprise for ASP to fund if it brings in some outside enterprises to do the kinds of financial economic examination that will bring credibility to a long-term funding plan for ASP.

Ms. Hernbrode suggested that since this is not specifically noted on the Agenda for action it be placed on the July Agenda for discussion and/or action.

Vice Chairman Woodling responded that he already has it written down for the July Board meeting. He noted that he had a note from the Secretary that the phone bridge line will be cut off at 1:00 p.m. We can call them from the Board Room phone if Messrs. Scalzo and Cordasco wish to remain on the line for the remainder of the Board meeting.

Both Mr. Scalzo and Mr. Cordasco wanted to remain a part of the meeting and provided their phone numbers for callback when the bridge was cut off.

F. DISCUSSION ITEMS

1. 2008 Legislative Session

Mr. Ziemann reported that it is day 124 of the legislative session and there is no end in sight. The legislature actually has very little work left to do except for the 2009 budget. There are only two major bills he is continuing to monitor. One is the Rail Road Site Review bill that would require the rail roads to work with ADOT to explain where their planned routes are and provide impact information on environment, water, neighbors, etc. Staff continue to monitor and support that bill. Staff also continue to monitor the OHV bill. There have been more editorials in the newspapers. They are very fearful of a filibuster in the Senate over the OHV bill. There are active opponents to that bill. A filibuster is something we don't see very often in the Arizona state legislature, but it's a real threat to this bill and the President doesn't want to shut down his entire Senate over this bill. He has other battles to fight as well. Staff are not exactly certain on how that will all proceed. It is a bill that needs to pass.

Mr. Ziemann added that our new Board member's, Larry Landry, confirmation has yet to be scheduled.

Vice Chairman Woodling noted that there was an article in the Tucson paper that Republicans are having secretive meetings on the 2009 budget and are not including the other members of the Republican or the Democratic parties.

Mr. Ziemann responded that since the 2008 budget passed 3 weeks or so ago, the legislature has been left to deal with 2009. The shortfall for 2009 is estimated to be between \$2 and \$2.2 billion. There is a political process in the way they want to address this. The way leadership have chosen at the legislature is to put 5 or 6 Republican Senators in a room or 5 or 6 members of the House Republicans in a room to try to come up with \$2-\$2.2 billion in cuts to make a balanced budget. The idea would then be to go to the Floor, get 16 Republican Senators to vote for the budget and 31 Republican House members to vote for the budget and send it to the Governor. They fully anticipate the Governor will veto that budget but then the Speaker and the President would be in a stronger position to negotiate with the Governor saying they've got those votes behind them.

Mr. Ziemann added that, in talking with members who are sitting in those small groups, the best they have come up with so far is \$1.6 billion in cuts. They are still more than \$600 million apart. The estimation in the Senate is that they've only got 5-8 Republican members to vote for this budget.

Mr. Ziemann stated that the bottom line on all of this is that at some point in time the Democrats and the Moderates in the legislature are going to throw their hands up and become fed-up with the process and begin to craft the budget. The Democrats and the Moderates have written every state budget that we've had for the last five years because the Republicans don't have enough votes to get a budget out independent of those Moderates and Democrats. The issue will be when they will reach the point where they're fed-up with the games. This group has been meeting for three weeks. At this time we don't even have any concrete numbers to discuss or to be necessarily worried about. All of the likely suspects are there. The State Lake Improvement Fund (SLIF) is

certainly going to be swept to some degree – it always is. The Off-Highway Vehicle Fund (OHV) will be swept to some degree – it always is. He's been told the Heritage Fund is not at risk. He imagines that there will be General Fund cuts. They started with some of the state agencies with a 50% cut to their General Fund budgets. In order to make up the \$2.2 billion will require a 17% cut across-the-board. He can't imagine that the Democrats and the Moderates and the Governor would ever buy off on that.

Mr. Ziemann noted that he spends his days at the legislature making sure that people don't forget that the Board is on a precipice. Our funding was not restored after the cuts of 2003 and 2004. While other state agencies got their funding back and grew, ASP did not. They are cutting very near to the bone.

Mr. Travous added that at the Cabinet meeting last week the Governor reminded them that they had to start putting together their 2010-2011 budget requests when they don't know what they're doing with 2009.

Mr. Colton asked if the legislature is legally required to do the 2009 budget this year.

Mr. Siegwarth responded that they need to have a balanced budget.

At this point in the meeting the Conference Call administrator notified the Board that another agency was scheduled to use the bridge line and that the Board needed to relinquish it.

Messrs. Scalzo and Cordasco were placed on a conference call using the Board Room's telephone.

Mr. Siegwarth stated that his only comment is on the 2008 budget. There is one remaining General Fund cut, but staff does not know what that number is. Staff are still uncertain as to what the next six weeks are.

Mr. Travous added that staff did not anticipate that DOA would increase the agency's lease in the middle of the year by 10% (another \$30,000). Agencies are robbing each other wherever they can.

Mr. Ziemann noted that DOA was directed to do that by the legislature in the budget.

2. Contact Point-Lake Havasu RFP

Mr. Ream reported that staff have just received the last edits to the RFP at the same time the Project Manager who puts these together went on vacation. He will return Monday, staff will compile all of the edits, have a quick staff meeting, and add it to the request for the Enhancement Fund. He thanked Mr. Colton for his edits and advice on the RFP.

Mr. Scalzo asked for an idea of when this RFP will hit the street and how long it will need to be posted before staff get responses and how long it will take to make the selection itself.

Mr. Ream responded that he will assume it will get JCCR approval in late May or early June.

Mr. Ziemann suggested that that assumption not be made. JCCR may meet in June; they may not. He suggested making it pending JCCR review. The RFP has to be

reviewed by the JCCR before it can be put on the street. Staff does not know when JCCR will meet again.

Mr. Ream stated that when the RFP goes out on the street, it is generally out there for 30 days. When it comes back staff review it, put the funds together, and let the contract for another 30-45 days. He believes the period of the contract will be 90 days.

Mr. Scalzo noted that is a short contract, and that the Board may have something to review before the end of this calendar year.

Mr. Ream responded that that assumes the Board meets in December. He stated his guess would be January.

G. EXECUTIVE STAFF UPDATES

1. Smart Growth Scorecard

Vice Chairman Woodling noted that the Board was given a copy of a scorecard for smart growth in their Board Packets. He asked staff to discuss this item.

Mr. Ziemann referred the Board to page 42 of the Board Packet. He stated that he didn't have a lot to add. This came out of the Governor's Growth Cabinet, which has been around for 3-4 years trying to ascertain the growth that is going to hit Arizona in the next 20-50 years or so. The Board has seen presentations on the Sun Corridor. Many of the solutions are things we want to implement as a state in view of this growth are huge things. Two are dealt in initiatives that will be discussed later. One is public transportation through the state and the other is state trust land reform. One of the smaller items that people can get their hands around and implement and show that there's some progress on the way was this smart growth scorecard.

Mr. Ziemann stated that the idea is that as the state grants money (and it's not just ASP) there would be a certain amount of points that would be awarded to communities that are actively pursuing smart growth. They would fill out a scorecard that would be registered with the Dept. of Commerce. Staff have met with members of the Governor's Growth Cabinet last week to talk about the Board's grant funds (SLIF, LWCF, OHV, Heritage Fund) and implementing the growth scorecard with those grants. Staff have some issues as far as timing goes; we won't have their scorecard until sometime in the fall at the earliest. The scorecard will finally be implemented in the fall of next year. In the meantime we will be able to do a dry run on the grant process when the grant process comes up in 2009. Staff can apply it hypothetically to those grants and see how it works and how we can attribute these points to see how it works. It will be fully implemented in 2010.

Mr. Siegwarth added that the Growth Cabinet was somewhat in a conundrum in that they can't really mandate or force or do local planning. They want to encourage it. The essence of the meeting staff had with the Growth Cabinet was that we want to provide positive incentive for communities through smart growth and therefore perhaps help them access more grant programs. The Growth Cabinet is very interested in giving extra help to those that score poorly so that just because some score well or poorly on the growth scorecard neither one is punitive. In working through the grant program and what we can do is what the Governor is trying to achieve by using the scorecard

and grants as an incentive. He believes that Ms. Pulsifer and her grants team have quite a few ideas on how to help those who don't perform well and reward those who do.

Mr. Colton added that this grew out of a report from a committee he chaired before the Growth Cabinet was even formed. This scorecard is being done in a number of states in different ways. Its success oftentimes is based on the amount of discretionary funding that the state agency has to give out. In Massachusetts, for example, where they have half-a-billion dollars to give out it's one thing; in other states are small and much smaller in what they can give out, the state agencies can give out incentives through grants. It is trying to find the incentives for communities who are either working on plans to grow or wish to and to basically say that those who don't wish to can go forth but will not get any money from this program. This program is very positive but it will not be without kinks. It is not intended to supplant the basic requirements that existed for any grant. It is an add-on.

Vice Chairman Woodling asked if the Board has to finally approve this scorecard once all the issues are worked out in order for staff to use it in the grant making process.

Mr. Siegwarth responded that he believes that the scorecard will be approved and run by the Governor. He believes that it will be voluntary to a certain extent. As the Board will be approving the Grant Manuals and the requirements to receive a grant, the Board would be the one to approve whether it would be a requirement. The Board's authority would be over the Grant program. Whether the Board includes the scorecard or not, or whether applicants receive points from the scorecard in the grant application is up to the Board. The scorecard would be as approved and passed by the Governor. The Board will not have to tinker at all with what the scorecard is or how that program is run. The Board will have to authorize staff to use it if it is to be part of the grant process.

2. APRA Open Space Conference

Mr. Ream reported that ASP is a large sponsor of the Arizona Parks and Recreation Association's Open Space Conference. That conference will be held on May 22, 2008 at the BLM National Training Center. He invited the Board to attend. He can make arrangements for any Board member's attendance who wants to go. There will be panel discussions and breakout sessions on various subjects. He distributed brochures on the event to the Board.

Mr. Siegwarth added that they put a great Agenda together. Mr. Ream is the Emcee and the Moderator.

Mr. Scalzo noted that they have always been great. ASP has always been an instrumental supporter in bringing in other agencies in the state to take a look at how to deal with open space planning in the future.

3. APRA Conference – Boards and Commissions Days

Mr. Travous reported that the APRA Conference is coming up in August (27th or 28th). They have a Boards and Commissions day set aside for people like the Board members from around the state.

5. 2008-2009 Budget

Mr. Siegwarth reported that he still doesn't know what the 2008 budget is for the 2009 budget.

6. State Land Reform Initiative

Mr. Ziemann reported that the State Trust Land Initiative (page 69 in the Board Packet) contains the same lists that the Board has seen before relative and specific to ASP. It is similar to the other initiatives the Board has seen over the last few years. It identifies those lands and sets them aside for the Board to purchase for appraised value without going to auction.

Mr. Colton noted that it could, theoretically, be done with some sort of non-monetary exchange.

Vice Chairman Woodling stated that the word he gets is that the AZ Cattle Growers like this edition much better than the one previously presented. The problem is that there are some political issues going on between some members of the Cattle Growers and a state senator.

Mr. Ziemann responded that the senator feels he wasn't consulted by the Governor to discuss this initiative thoroughly.

Mr. Travous noted that, on the other hand, if the cattlemen can talk the senator into supporting it, it is a slam-dunk.

Vice Chairman Woodling added that the Malpai Group's board was a lot more enthusiastic about this initiative getting passed than the last one.

7. State Transportation Initiative

Mr. Ziemann reported that on page 86 of the Board Packet there is a provision for open space and wildlife, there's a fund, and issues about open space planning. He noted that ASP is very conspicuous by our absence and he is very disappointed in that. This initiative was just filed last week. This is a place that ASP should be a part of.

Mr. Ream pointed out that ASP is eligible for those grants.

I. CALL TO THE PUBLIC

There was no public remaining in the audience.

J. TIME AND PLACE OF NEXT MEETING AND CALL FOR FUTURE AGENDA ITEMS

- 1. Staff recommends that the next Arizona State Parks Board Meeting be held at the Tonto Lodge located at Tonto Natural Bridge State Park on July 17 and 18, 2008.**

Vice Chairman Woodling noted that the July meeting will be Thursday and Friday, July 17 and 18 at Tonto.

Mr. Ream reported that Tonto is ready, as it has always been. They have not been under construction.

Mr. Travous reminded everyone that the Lodge is not air conditioned so everyone should dress comfortably. He will cook dinner for the Board and staff on Thursday night.

Vice Chairman Woodling offered to bring up some grass-fed steaks for people to try.

2. Board members may wish to discuss issues of concern and request staff to place specific items on future Board meeting agendas.

Vice Chairman Woodling requested the following items be placed on the July Agenda: the Blue Ribbon Panel and Freedom Park.

Mr. Travous noted that he wanted to be on record that they were not on any Agenda; it was a surprise to staff at the April meeting as well as today.

Vice Chairman Woodling reminded that Board that the first day (July 17th) would be a work session and the second day would be the business meeting.

Mr. Cordasco reminded the Board that they don't want to lose sight of the history that Mr. Travous has been presenting over the past few years. That may be an appropriate presentation in some form. Also, the strategies had been tabulated and discussed quite a bit. We don't want to drop the ball on them or let them go without either a recap on them or an adjustment to them. Third would be Mr. Siegwarth's presentations regarding the financial assessments with regard to ASP where we try to maintain a bit of that bottom-liner.

Ms. Westerhausen asked if the trails issue discussed this morning could be on the Agenda.

Mr. Colton suggested that the Board may need to authorize staff begin work to incorporate the scorecard into the Grant process. He would like to see a recommendation the Board can vote on then, as well.

Mr. Scalzo questioned the schedule to be adopted for the 17th and 18th of July.

Mr. Travous responded that the Board should arrive at the Lodge at Tonto Natural Bridge State Park at 1:00 p.m. Board and staff should eat lunch on the way or bring it with them. The meeting will begin at 1:00 p.m. and go until 4:00-4:30 p.m. People can hike the park while he begins cooking dinner. There will be a nice, social time that evening. On Friday, July 18th a continental breakfast will be provided. The meeting will begin at 9:00 a.m.

Mr. Travous asked the Board members to let staff know if they wish to stay at the Lodge. There are 40 beds, but only 10 bedrooms. It does get warm in the evening but often they do get those nice afternoon breezes. Spouses and/or significant others are welcomed.

K. ADJOURNMENT

Mr. Colton made a motion to adjourn and Ms. Westerhausen seconded that motion. The motion carried unanimously and the meeting was adjourned at 1:30 p.m.

Pursuant to Title II of the Americans with Disabilities Act (ADA), Arizona State Parks does not discriminate on the basis of a disability regarding admission to public meetings. Persons with a disability may request a reasonable accommodation, such as a sign language interpreter, by contacting the acting ADA Coordinator, Karen Farias, (602) 364-0632; or TTY (602) 542-4174. Requests should be made as early as possible to allow time to arrange the accommodation.

APPROVED:

William C. Scalzo, Chairman

Kenneth E. Travous, Executive Director